

AMENDED IN ASSEMBLY AUGUST 4, 2014

AMENDED IN ASSEMBLY JULY 2, 2014

AMENDED IN ASSEMBLY JUNE 15, 2014

AMENDED IN SENATE MAY 27, 2014

AMENDED IN SENATE MAY 7, 2014

AMENDED IN SENATE APRIL 21, 2014

SENATE BILL

No. 1262

Introduced by Senator Correa

(Principal coauthor: Assembly Member Ammiano)

February 21, 2014

An act to amend Section 2220.05 of, to add Article 25 (commencing with Section 2525) to Chapter 5 of Division 2 of, and to add Part 5 (commencing with Section 18100) to Division 7 of, the Business and Professions Code, to add Section 23028 to the Government Code, *and to amend Section 11362.775 of*, and to add Article 8 (commencing with Section 111658) to Chapter 6 of Part 5 of Division 104 ~~of of~~, the Health and Safety Code, relating to medical marijuana, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1262, as amended, Correa. ~~Medical marijuana: regulation of physicians, dispensaries, cultivation sites, and processing facilities: marijuana.~~

(1) Existing law, the Compassionate Use Act of 1996, an initiative measure enacted by the approval of Proposition 215 at the November 6, 1996, statewide general election, authorizes the use of marijuana for

medical purposes. Existing law enacted by the Legislature requires the establishment of a program for the issuance of identification cards to qualified patients so that they may lawfully use marijuana for medical purposes, and requires the establishment of guidelines for the lawful cultivation of marijuana grown for medical use. Existing law provides for the licensure of various professions by the Department of Consumer Affairs. Existing law, the Sherman Food, Drug, and Cosmetic Law, provides for the regulation of food, drugs, devices, and cosmetics, as specified. A violation of that law is a crime.

This bill would establish within the Department of Consumer Affairs a Bureau of Medical Marijuana Regulation, *under the supervision and control of the Chief of the Bureau of Medical Marijuana Regulation, as specified*, to license dispensing facilities, cultivation sites, and ~~processing facilities~~ *manufacturers* that, *among other things*, provide, process, and grow *medical* marijuana ~~for medical use~~, as specified, subject to local ordinances. *The bill would require every city, county, or city and county that permits medical marijuana dispensing or cultivation to submit to the bureau a list of approved entities providing medical marijuana within that jurisdiction. The bill would require the bureau to adopt regulations for the implementation and enforcement of these provisions, specifically relating to procedures for licensing, fees for licenses, and sanitation.* The bill would require a background check of applicants for licensure to be administered by the Department of Justice, *and submission of a statement signed by an applicant, under penalty of perjury, that the information on his or her application is true, thereby creating a crime and imposing a state-mandated local program.* The bill would make these licenses subject to the restrictions of the local jurisdiction in which the facility operates or proposes to operate. The bill would, among other things, require licensees to implement sufficient security measures to both deter and prevent unauthorized entrance into areas containing marijuana and theft of marijuana at their facilities, including establishing limited access areas accessible only to authorized facility personnel, and would require these licensees to notify appropriate law enforcement authorities within 24 hours after discovering specified breaches in security. The bill would set forth provisions related to the transportation, testing, and distribution of *medical* marijuana. The bill would set forth provisions for the revocation or suspension of a license for a violation of these provisions or of local ordinances, ~~and would require the bureau to make recommendations to the Legislature pertaining to the establishment of a judicial review~~

process. The bill would prohibit the distribution of any form of advertising for physician recommendations for medical marijuana, unless the advertisement bears a specified notice and requires that the advertisement meet specified requirements and not be fraudulent, deceitful, or misleading, as specified. Violation of these provisions would be punishable by a civil fine of up to \$35,000 for each individual violation, or as otherwise specified.

The bill would establish the Medical Marijuana Regulation Fund and would require the deposit of fees collected pursuant to this act into the fund. The bill would continuously appropriate moneys from the fund to the bureau for the purposes of administering this act, thereby making an appropriation. The bill would require the deposit of penalty moneys collected pursuant to this act into the General Fund.

The bill would provide that it shall not supersede provisions of Measure D, as approved by the voters of the City of Los Angeles, as specified.

The bill would ~~require the bureau~~ *authorize a city, county, or city and county* to administer and enforce these provisions. The bill would require the bureau to establish quality assurance protocols by July 1, 2016, to ensure uniform testing standards of medical marijuana, and would require licensees to comply with these provisions. The bill would further set forth provisions regulating edible *medical* marijuana products, as specified. By adding these provisions to the Sherman Food, Drug, and Cosmetic Law, a violation of which is a crime, the bill would impose a state-mandated local program.

(2) Existing law, the Medical Practice Act, provides for the licensure and regulation of physicians and surgeons by the Medical Board of California. Existing law requires the board to prioritize investigations and prosecutions of physicians and surgeons representing the greatest threat of harm, as specified. Existing law identifies the cases that are to be given priority, which include cases of repeated acts of excessively prescribing, furnishing, or administering controlled substances without a good faith prior examination of the patient. Existing law provides that a violation of the Medical Practice Act is a crime.

This bill would require the board to consult with the Center for Medicinal Cannabis Research on developing and adopting medical guidelines for the appropriate administration and use of marijuana.

The bill would also make it a misdemeanor for a physician and surgeon who recommends marijuana to a patient for a medical purpose to accept, solicit, or offer any remuneration from or to a licensed

dispensing facility in which the physician and surgeon or his or her immediate family has a financial interest. By creating a new crime, the bill would impose a state-mandated local program.

The bill would provide that specified acts of recommending marijuana *for medical purposes* without a good faith examination are among the types of cases that should be given priority for investigation and prosecution by the board, as described above. The bill would further prohibit a physician and surgeon from recommending medical marijuana to a patient unless that person is the patient's attending physician, as defined. Because a violation of that provision would be a crime, the bill would impose a state-mandated local program.

(3) Existing law authorizes the legislative body of a city or county to impose various taxes, including a transactions and use tax at a rate of 0.25%, or a multiple thereof, if approved by the required vote of the legislative body and the required vote of qualified voters, and limits the combined rate of transactions and use taxes within a city or county to 2%.

This bill would authorize the board of supervisors of a county to impose a tax on the privilege of cultivating, dispensing, producing, processing, preparing, storing, providing, donating, selling, or distributing marijuana or products containing marijuana. The bill would authorize the tax to be imposed for either general or specific governmental purposes. The bill would require a tax imposed pursuant to this authority to be subject to any applicable voter approval requirement.

(4) Existing law exempts qualified patients, persons with valid identification cards, and the designated primary caregivers of qualified patients and persons with identification cards from certain crimes, including possession of concentrated cannabis and marijuana, cultivation of marijuana, and possession of marijuana for sale.

This bill would also exempt from those crimes an employee, officer, or board member of a licensed cultivation site or a licensed dispensing facility, except as specified.

~~(4)~~

(5) This bill would provide that its provisions are severable.

~~(5)~~

(6) Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating

the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

(6)

(7) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) In 1996, the people of the State of California enacted the
4 Compassionate Use Act of 1996, codified in Section 11362.5 of
5 the Health and Safety Code. The people of the State of California
6 declared that their purpose in enacting the measure was, among
7 other things, “to ensure that seriously ill Californians have the
8 right to obtain and use marijuana for medical purposes where that
9 medical use is deemed appropriate and has been recommended by
10 a physician who has determined that the person’s health would
11 benefit from the use of marijuana in the treatment of cancer,
12 anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis,
13 migraine, or any other illness for which marijuana provides relief.”

14 (b) The Compassionate Use Act of 1996 called on state
15 government to implement a plan for the safe and affordable
16 distribution of marijuana to all patients in medical need of
17 marijuana, while ensuring that nothing in this act shall be construed
18 to condone the diversion of marijuana for nonmedical purposes.

19 (c) In 2003, the Legislature enacted the Medical Marijuana
20 Program Act (MMPA), codified in Article 2.5 (commencing with
21 Section 11362.7) of Chapter 6 of Division 10 of the Health and
22 Safety Code.

23 (d) Greater certainty and minimum statewide standards are
24 urgently needed regarding the obligations of medical marijuana
25 facilities, and for the imposition and enforcement of regulations

1 to prevent unlawful cultivation and the diversion of marijuana to
2 nonmedical use.

3 (e) Despite the passage of the Compassionate Use Act of 1996
4 and the MMPA, because of the lack of an effective statewide
5 system for regulating and controlling medical marijuana, cities,
6 counties and local law enforcement officials have been confronted
7 with uncertainty about the legality of some medical marijuana
8 cultivation and distribution activities. The current state of affairs
9 makes law enforcement difficult and endangers patient safety
10 because of an inability to monitor the supply of medical marijuana
11 in the state and the lack of quality control, testing, and labeling
12 requirements.

13 (f) The California Constitution grants cities and counties the
14 authority to make and enforce, within their borders, “all local
15 police, sanitary, and other ordinances and regulations not in conflict
16 with the general laws.” This inherent local police power includes
17 broad authority to determine, for purposes of public health, safety,
18 and welfare, the appropriate uses of land within the local
19 jurisdiction’s borders. The police power, therefore, allows each
20 city and county to determine whether or not a medical marijuana
21 dispensary or other facility that makes medical marijuana available
22 may operate within its borders. This authority has been upheld by
23 *City of Riverside v. Inland Empire Patients Health & Wellness,*
24 *Inc.* (2013) 56 Cal.4th 729 and *County of Los Angeles v. Hill*
25 *(2011) 192 Cal.App.4th 861.* Nothing in this act shall diminish,
26 erode, or modify that authority.

27 (g) If, pursuant to this authority, a city or county determines
28 that a dispensary or other facility that makes medical marijuana
29 available may operate within its borders, then there is a need for
30 the state to license these dispensaries and other facilities for the
31 purpose of adopting and enforcing protocols for training and
32 certification of physicians who recommend the use of medical
33 marijuana and for agricultural cultivation practices. This licensing
34 requirement is not intended in any way nor shall it be construed
35 to preempt local ordinances, regulations, or enforcement actions
36 regarding the sale and use of medical marijuana, including, but
37 not limited to, security, signage, lighting, and inspections.

38 (h) All of the following elements are necessary to uphold
39 important state goals:

1 (1) Strict provisions to prevent the potential diversion of
2 marijuana for recreational use.

3 (2) Audits to accurately track the volume of both product
4 movement and sales.

5 (3) An effective means of restricting nonmedical access to
6 medical marijuana by minors.

7 (i) *The public welfare and public safety require that there be a*
8 *limitation on the number of premises licensed for the cultivation*
9 *of marijuana to prevent the diversion of marijuana for nonmedical*
10 *purposes.*

11 (i)
12 (j) Nothing in this act shall be construed to promote or facilitate
13 the nonmedical, recreational possession, sale, or use of marijuana.

14 SEC. 2. Section 2220.05 of the Business and Professions Code
15 is amended to read:

16 2220.05. (a) In order to ensure that its resources are maximized
17 for the protection of the public, the Medical Board of California
18 shall prioritize its investigative and prosecutorial resources to
19 ensure that physicians and surgeons representing the greatest threat
20 of harm are identified and disciplined expeditiously. Cases
21 involving any of the following allegations shall be handled on a
22 priority basis, as follows, with the highest priority being given to
23 cases in the first paragraph:

24 (1) Gross negligence, incompetence, or repeated negligent acts
25 that involve death or serious bodily injury to one or more patients,
26 such that the physician and surgeon represents a danger to the
27 public.

28 (2) Drug or alcohol abuse by a physician and surgeon involving
29 death or serious bodily injury to a patient.

30 (3) Repeated acts of clearly excessive prescribing, furnishing,
31 or administering of controlled substances, or repeated acts of
32 prescribing, dispensing, or furnishing of controlled substances, or
33 recommending marijuana to patients for medical purposes, without
34 a good faith prior examination of the patient, *including an*
35 *examination in full compliance with the federal Health Insurance*
36 *Portability and Accountability Act of 1996 (42 U.S.C. Sec. 1320d*
37 *et seq.),* and medical reason therefor. However, in no event shall
38 a physician and surgeon prescribing, furnishing, or administering
39 controlled substances for intractable pain consistent with lawful
40 prescribing, including, but not limited to, Sections 725, 2241.5,

1 and 2241.6 of this code and Sections 11159.2 and 124961 of the
2 Health and Safety Code, be prosecuted for excessive prescribing
3 and prompt review of the applicability of these provisions shall
4 be made in any complaint that may implicate these provisions.

5 (4) Sexual misconduct with one or more patients during a course
6 of treatment or an examination.

7 (5) Practicing medicine while under the influence of drugs or
8 alcohol.

9 (b) The board may by regulation prioritize cases involving an
10 allegation of conduct that is not described in subdivision (a). Those
11 cases prioritized by regulation shall not be assigned a priority equal
12 to or higher than the priorities established in subdivision (a).

13 (c) The Medical Board of California shall indicate in its annual
14 report mandated by Section 2312 the number of temporary
15 restraining orders, interim suspension orders, and disciplinary
16 actions that are taken in each priority category specified in
17 subdivisions (a) and (b).

18 SEC. 3. Article 25 (commencing with Section 2525) is added
19 to Chapter 5 of Division 2 of the Business and Professions Code,
20 to read:

21
22 Article 25. Recommending Medical Marijuana
23

24 2525. (a) It is unlawful for a physician and surgeon who
25 recommends marijuana to a patient for a medical purpose to accept,
26 solicit, or offer any form of remuneration from or to a facility
27 licensed pursuant to Part 5 (commencing with Section 18100) of
28 Division 7, if the physician and surgeon or his or her immediate
29 family have a financial interest in that facility.

30 (b) For the purposes of this section, “financial interest” shall
31 have the same meaning as in Section 650.01.

32 (c) A violation of this section shall be a misdemeanor.

33 2525.1. ~~The board~~ *Medical Board of California* shall consult
34 with the California Marijuana Research Program, known as the
35 Center for Medicinal Cannabis Research, authorized pursuant to
36 Section 11362.9 of the Health and Safety Code, on developing and
37 adopting medical guidelines for the appropriate administration and
38 use of *medical* marijuana.

39 2525.2. A physician and surgeon shall not recommend medical
40 marijuana to a patient, unless that person is the patient’s attending

1 physician, as defined by subdivision (a) of Section 11362.7 of the
2 Health and Safety Code.

3 SEC. 4. Part 5 (commencing with Section 18100) is added to
4 Division 7 of the Business and Professions Code, to read:

5
6 PART 5. MEDICAL MARIJUANA
7

8 18100. For purposes of this part, the following definitions shall
9 apply:

10 (a) “Bureau” means the Bureau of Medical Marijuana Regulation
11 in the Department of Consumer Affairs.

12 (b) “Certified testing laboratory” means a laboratory that is
13 certified by the bureau to perform random sample testing of
14 *medical* marijuana pursuant to the certification standards for these
15 facilities promulgated by the bureau.

16 (c) “*Chief*” means the *Chief of the Bureau of Medical Marijuana*
17 *Regulation*.

18 (d) “*Department*” means the *Department of Consumer Affairs*.

19 (e) “*Director*” means the *Director of Consumer Affairs*.

20 ~~(e)~~

21 (f) “Dispensary” means a distribution operation that provides
22 *medical* marijuana or *medical* marijuana derived products or
23 *devices for the use of medical marijuana or medical marijuana*
24 *products* to patients.

25 ~~(f)~~

26 (g) “Fund” means the Medical Marijuana Regulation Fund
27 established pursuant to Section ~~18101.4~~ 18113.

28 ~~(e)~~

29 (h) “Licensed cultivation site” means a facility that *plants,*
30 *grows, cultivates, harvests, dries, or processes medical* marijuana
31 ~~for medical use~~ and that is licensed pursuant to this part.

32 ~~(f)~~

33 (i) “Licensed dispensing facility” means a dispensary or other
34 facility that provides *medical* marijuana ~~for medical use,~~ *medical*
35 *marijuana products, or devices for the use of medical marijuana*
36 *or medical marijuana products* that is licensed pursuant to this
37 part.

38 (j) “*Licensed manufacturer*” means a person who extracts,
39 *prepares, derives, produces, compounds, or repackages medical*

1 *marijuana or medical marijuana products into consumable and*
2 *nonconsumable forms and that is licensed pursuant to this part.*

3 ~~(g) “Licensed processing facility” means a facility where~~
4 ~~marijuana or marijuana products are inspected, packaged, labeled,~~
5 ~~or otherwise prepared, warehoused, or stored prior to being~~
6 ~~provided to another facility licensed pursuant to this part, to a~~
7 ~~patient with a medical marijuana recommendation, or otherwise~~
8 ~~distributed, and that is licensed pursuant to this part.~~

9 ~~(h)~~

10 ~~(k) “Licensed transporter” means an individual or entity licensed~~
11 ~~by the bureau to transport *medical* marijuana to and from facilities~~
12 ~~licensed pursuant to this part.~~

13 ~~(i)~~

14 ~~(l) “Marijuana” means all parts of the plant Cannabis sativa,~~
15 ~~cannabis indica, or cannabis ruderalis, whether growing or not;~~
16 ~~the seeds thereof; the resin, whether crude or purified, extracted~~
17 ~~from any part of the plant; and every compound, manufacture, salt,~~
18 ~~derivative, mixture, or preparation of the plant, its seeds, or resin.~~
19 ~~“Marijuana” does not include the mature stalks of the plant, fiber~~
20 ~~produced from the stalks, oil or cake made from the seeds of the~~
21 ~~plant, any other compound, manufacture, salt, derivative, mixture,~~
22 ~~or preparation of the mature stalks (except the resin extracted~~
23 ~~therefrom), fiber, oil, or cake, or the sterilized seed of the plant~~
24 ~~which is incapable of germination. “Marijuana” also means~~
25 ~~marijuana, as defined by Section 11018 of the Health and Safety~~
26 ~~Code.~~

27 ~~18101. (a) (1) There is hereby created in the Department of~~
28 ~~Consumer Affairs the Bureau of Medical Marijuana Regulation.~~
29 ~~The bureau shall be administered by an executive officer who shall~~
30 ~~be a civil servant appointed pursuant to civil service rules by the~~
31 ~~Governor, and who shall be known as the Executive Officer of the~~
32 ~~Bureau of Medical Marijuana Regulation.~~

33 ~~(2) Funds for the establishment and support of the bureau shall~~
34 ~~be advanced as a loan by the Department of Consumer Affairs and~~
35 ~~shall be repaid by the initial proceeds from fees collected pursuant~~
36 ~~to subdivision (b) of Section 18101.1, paragraph (9) of subdivision~~
37 ~~(f) of Section 18101.2, and subdivision (b) of Section 18101.3.~~

38 ~~(b) (1) The bureau shall have the power to license persons for~~
39 ~~the cultivation, manufacture, transportation, storage, distribution,~~

1 and sale of medical marijuana within the state and to collect
2 licensing fees in connection with these actions.

3 (2) The bureau shall exercise its authority pursuant to paragraph
4 (1) consistent with subdivision (f) of Section 1 of the act that added
5 this section and consistent with the provisions of this part.

6 18101.1. The bureau shall have the authority, subject to local
7 ordinances, to license persons for the cultivation, manufacture,
8 transportation, storage, and sale of medical marijuana within the
9 state, and to levy appropriate related licensing fees not to exceed
10 the reasonable costs of enforcement and administration of this part.
11 The bureau shall not issue a license if the applicant has not met
12 all requirements pursuant to this part. A license, once issued, shall
13 be suspended within 10 days of notification to the bureau by a
14 local agency that a licensee is no longer in compliance with any
15 local ordinance or regulation. The bureau shall have the power
16 necessary for the administration of this part, including, but not
17 limited to, the following:

18 (a) Establishing statewide minimum standards for the cultivation,
19 manufacturing, transportation, storage, distribution, provision,
20 donation, and sale of medical marijuana and medical marijuana
21 products, and procedures for the issuance, renewal, suspension,
22 and revocation of licenses.

23 (b) Establishing a scale of application, license, and renewal fees,
24 to be imposed by the state, for licenses for the cultivation,
25 manufacturing, transportation, distribution, and sale of medical
26 marijuana and medical marijuana products. The bureau may charge
27 separate fees for each license application for cultivation,
28 manufacturing, transportation, distribution, and sale. The total fees
29 imposed pursuant to this part shall be based on the actual costs of
30 administering and enforcing this part.

31 (c) Making and proscribing any rule that may be necessary or
32 proper to carry out the purposes and intent of this part and to enable
33 it to exercise the powers and perform the duties conferred upon it
34 by this part and in accordance with Chapter 3.5 (commencing with
35 Section 11340) of Part 1 of Division 3 of Title 2 of the Government
36 Code. For the performance of its duties, the bureau has the powers
37 as set forth in Article 2 (commencing with Section 11180) of
38 Chapter 2 of Part 1 of Division 3 of Title 2 of the Government
39 Code.

~~(d) Approving or denying applications, subject to local ordinances, for cultivation, manufacturing, labeling, transportation, distribution, provision, donation, and sale of medical marijuana pursuant to this part.~~

~~(e) The bureau shall, with input from local agencies, deny, suspend, or revoke any license issued pursuant to this part, or fine any licensee, if the bureau determines that the granting or continuance of the license would be contrary to public welfare or morals or that a person holding or seeking a license has violated any law prohibiting conduct involving moral turpitude or an applicable local ordinance.~~

~~(f) Imposing any penalty authorized by this part or any rule or regulation adopted pursuant to this part.~~

~~(g) Taking any action with respect to a license application in accordance with procedures established pursuant to this part.~~

~~(h) The bureau shall make recommendations to the Legislature pertaining to the establishment of an appeals and judicial review process for persons aggrieved by a final decision of the bureau.~~

~~(i) Developing any forms, identification certificates, and applications that are necessary or convenient in the discretion of the bureau for the administration of this part or any of the rules or regulations adopted pursuant to this part.~~

~~(j) Overseeing the operation of the Medical Marijuana Regulation Fund established pursuant to Section 18101.4.~~

~~(k) Establishing reasonable fees for processing all applications, licenses, notices, or reports required to be submitted to the bureau. The amount of the fees shall reflect, but shall not exceed, the direct and indirect costs of the bureau for the administration of this part and the rules or regulations adopted pursuant to this part.~~

~~(l) The bureau may consult with other state agencies, departments, or public or private entities for the purposes of establishing statewide standards and regulations.~~

18101. The following persons are exempt from the requirement of licensure under this part:

(a) A patient who cultivates, possesses, stores, manufactures, or transports marijuana exclusively for his or her personal medical use and who does not sell, distribute, donate, or provide marijuana to any other person or entity.

(b) A primary caregiver who cultivates, possesses, stores, manufactures, transports, or provides marijuana exclusively for

1 *the personal medical purposes to no more than five specified*
2 *qualified patients for whom he or she is the primary caregiver*
3 *within the meaning of Section 11362.7 of the Health and Safety*
4 *Code and who does not receive remuneration for these activities,*
5 *except for compensation in full compliance with subdivision (c)*
6 *of Section 11362.765 of the Health and Safety Code. Nothing in*
7 *this section shall permit primary caregivers to organize themselves*
8 *as cooperatives or collectives of caregivers.*

9 *18102. (a) There is hereby created in the Department of*
10 *Consumer Affairs the Bureau of Medical Marijuana Regulation,*
11 *under the supervision and control of the Chief of the Bureau of*
12 *Medical Marijuana Regulation.*

13 *(b) Protection of the public shall be the highest priority for the*
14 *bureau in exercising its licensing, regulatory, and disciplinary*
15 *functions. Whenever the protection of the public is inconsistent*
16 *with other interests sought to be promoted, the protection of the*
17 *public shall be paramount.*

18 *(c) The bureau shall have the authority to license persons for*
19 *the cultivation, manufacture, transportation, storage, distribution,*
20 *and sale of medical marijuana within the state and to collect*
21 *licensing fees in connection with these actions.*

22 *(d) The Governor shall appoint the chief at a salary to be fixed*
23 *and determined by the director with the approval of the Director*
24 *of Finance. The chief shall serve in accordance with the State Civil*
25 *Service Act (Part 2 (commencing with Section 18500) of Division*
26 *5 of Title 2 of the Government Code).*

27 *(e) The duty of enforcing and administering this part shall be*
28 *vested in the chief, who is responsible to the director. The chief*
29 *may adopt and enforce those rules and regulations that he or she*
30 *determines are reasonably necessary to carry out the purposes of*
31 *this part and declaring the policy of the bureau, including a system*
32 *for the issuance of citations for violations of this part as specified*
33 *in Section 125.9.*

34 *(f) The chief, as necessary to carry out the provisions of this*
35 *part, and in accordance with the State Civil Service Act (Part 2*
36 *(commencing with Section 18500) of Division 5 of Title 2 of the*
37 *Government Code), may appoint and fix the compensation of*
38 *personnel, including, but not limited to, clerical, inspection,*
39 *investigation, and auditing personnel, as well as an assistant chief.*

1 *These personnel shall perform their respective duties under the*
2 *supervision and the direction of the chief.*

3 *(g) Every power granted to, or duty imposed upon, the chief*
4 *under this part may be exercised or performed in the name of the*
5 *chief by a deputy or assistant chief, subject to conditions and*
6 *limitations that the chief may prescribe.*

7 *(h) The bureau shall exercise its authority pursuant to this part*
8 *consistent with Section 1 of the act that added this section and*
9 *consistent with the provisions of this part.*

10 *18103. Funds for the establishment and support of the bureau*
11 *shall be advanced as a loan by the department and shall be repaid*
12 *by the initial proceeds from fees collected pursuant to this part or*
13 *any rule or regulation adopted pursuant to this part.*

14 *18104. The bureau shall have the authority necessary for the*
15 *implementation of this part, including, but not limited to, all of the*
16 *following:*

17 *(a) Establishing any rule or regulation that is necessary or*
18 *proper to carry out the purposes and intent of this part and to*
19 *enable the bureau to exercise the powers and perform the duties*
20 *conferred upon it by this part and in accordance with Chapter 3.5*
21 *(commencing with Section 11340) of Part 1 of Division 3 of Title*
22 *2 of the Government Code. For the performance of its duties, the*
23 *bureau has the powers as set forth in Article 2 (commencing with*
24 *Section 11180) of Chapter 2 of Part 1 of Division 3 of Title 2 of*
25 *the Government Code.*

26 *(b) Licensing persons for the cultivation, manufacture,*
27 *transportation, storage, distribution, and sale of medical marijuana*
28 *within the state.*

29 *(c) Setting application, licensing, and renewal fees for licenses*
30 *issued pursuant to this part. Fees may be scaled and shall be in*
31 *an amount determined by the department sufficient to cover the*
32 *reasonable regulatory costs of enforcing and administering this*
33 *part.*

34 *(d) Establishing standards for the cultivation, manufacturing,*
35 *transportation, storage, distribution, provision, donation, and sale*
36 *of medical marijuana and medical marijuana products.*

37 *(e) Establishing procedures for the issuance, renewal,*
38 *suspension, denial, and revocation of licenses.*

39 *(f) Imposing a penalty authorized by this part or any rule or*
40 *regulation adopted pursuant to this part.*

1 (g) Taking action with respect to a license application in
2 accordance with procedures established pursuant to this part.

3 (h) Overseeing the operation of the Medical Marijuana
4 Regulation Fund established pursuant to Section 18113.

5 (i) Consulting with other state agencies, departments, or public
6 or private entities for the purposes of establishing statewide
7 standards and regulations.

8 18105. (a) On or before July 1, 2016, the bureau shall
9 promulgate regulations for implementation and enforcement of
10 this part, including, but not limited to, all of the following:

11 (1) Procedures for the issuance, renewal, suspension, denial,
12 and revocation of licenses.

13 (2) Application, licensing, and renewal forms and fees.

14 (3) A time period in which the bureau shall approve or deny an
15 application for a license to operate pursuant to this part.

16 (4) Qualifications for licensees.

17 (5) Standards for certification of testing laboratories to perform
18 random sample testing of all medical marijuana products,
19 including standards for onsite testing.

20 (A) Certification of testing laboratories shall be consistent with
21 general requirements for the competence of testing and calibration
22 activities, including sampling, using standard methods established
23 by the International Organization for Standardization, specifically
24 ISO/IEC 17025.

25 (B) These requirements shall apply to all entities, including
26 third-party laboratories, engaged in the testing of medical
27 marijuana pursuant to this part.

28 (6) Requirements to ensure conformance with standards
29 analogous to state statutory environmental, agricultural, consumer
30 protection, and food and product safety requirements. At a
31 minimum, these standards shall do all of the following:

32 (A) Prescribe sanitation standards analogous to the California
33 Retail Food Code (Part 7 (commencing with Section 113700) of
34 Division 104 of the Health and Safety Code) for food preparation,
35 storage, handling, and sale of edible medical marijuana products.

36 (B) Require that edible medical marijuana products produced,
37 distributed, provided, donated, or sold by licensees shall be limited
38 to nonpotentially hazardous food, as established by the State
39 Department of Public Health pursuant to Section 114365.5 of the
40 Health and Safety Code.

1 (C) Provide standards for labeling edible medical marijuana
2 products to ensure that the products cannot be mistaken for food
3 not containing marijuana.

4 (D) Require that facilities in which edible medical marijuana
5 products are prepared shall be constructed in accordance with
6 applicable building standards, health and safety standards, and
7 other state laws.

8 (E) Provide that weighing or measuring devices used in
9 connection with the sale or distribution of medical marijuana are
10 required to meet standards analogous to Division 5 (commencing
11 with Section 12001).

12 (F) Require that the application of pesticides or other pest
13 control in connection with the indoor or outdoor cultivation of
14 medical marijuana shall meet standards analogous to Division 6
15 (commencing with Section 11401) of the Food and Agricultural
16 Code and its implementing regulations.

17 (b) On or before July 1, 2016, the bureau shall also promulgate
18 regulations for minimum statewide health and safety standards
19 and quality assurance standards associated with the cultivation,
20 transport, storage, manufacture, and sale of all medical marijuana
21 produced in this state. Local agencies shall have primary
22 responsibility for enforcement of these standards in accordance
23 with bureau regulations.

24 ~~18101.2.~~

25 18106. (a) Except as provided in Section 11362.5 of, and
26 Article 2.5 (commencing with Section 11362.7) of Chapter 6 of
27 Division 10 of, the Health and Safety Code, a person shall not sell
28 or provide *medical* marijuana other than at a licensed dispensing
29 facility.

30 (b) Except as provided in Section 11362.5 of, and Article 2.5
31 (commencing with Section 11362.7) of Chapter 6 of Division 10
32 of, the Health and Safety Code, a person shall not grow *medical*
33 marijuana other than at a licensed cultivation site.

34 (c) Except as provided in Section 11362.5 of, and Article 2.5
35 (commencing with Section 11362.7) of Chapter 6 of Division 10
36 of, the Health and Safety Code, a person shall not ~~process~~
37 *manufacture medical marijuana or medical marijuana products*
38 ~~other than at a licensed processing facility~~ *a licensed manufacturer.*

1 (d) A person shall not transport *medical* marijuana from one
2 facility licensed pursuant to this part to another, other than a
3 licensed transporter.

4 (e) *A licensed manufacturer may obtain medical cannabis from*
5 *a licensed cultivator and may furnish medical cannabis products*
6 *to a licensed dispensary.*

7 ~~(e)~~

8 (f) To meet the requirements of Article 8 (commencing with
9 Section 111658) of Chapter 6 of Part 5 of Division 104 of the
10 Health and Safety Code, *medical* marijuana and *medical* marijuana
11 products shall be tested by a certified testing laboratory.

12 ~~(f) The bureau shall require, prior to issuing a license pursuant~~
13 ~~to this part, all of the following:~~

14 ~~(1) The name of the owner or owners of a proposed facility,~~
15 ~~including all persons or entities having an ownership interest other~~
16 ~~than a security interest, lien, or encumbrance on any property that~~
17 ~~will be used by the applicant.~~

18 ~~(2) The name, address, and date of birth of each principal officer~~
19 ~~and board member.~~

20 ~~(3) The address and telephone number of the proposed facility.~~

21 ~~(4) A description of the scope of business of the proposed~~
22 ~~facility.~~

23 ~~(5) A certified copy of the local jurisdiction's approval to operate~~
24 ~~within its borders.~~

25 ~~(6) Operating and inventory control procedures to ensure~~
26 ~~security and prevent diversion.~~

27 ~~(7) Detailed operating procedures for the proposed facility,~~
28 ~~which shall include, but not be limited to, provisions for facility~~
29 ~~and operational security, prevention of diversion, employee~~
30 ~~screening, storage of medical marijuana, personnel policies, and~~
31 ~~recordkeeping procedures.~~

32 ~~(8) A completed application, as required by the bureau.~~

33 ~~(9) Payment of a fee, in an amount to be determined by the~~
34 ~~bureau, not to exceed the amount necessary, but that is sufficient~~
35 ~~to cover, the actual costs of the administration of this part.~~

36 ~~(10) (A) An applicant's fingerprint images and related~~
37 ~~information required by the Department of Justice for the purpose~~
38 ~~of obtaining information as to the existence and content of a record~~
39 ~~of state and federal convictions and arrests, and information as to~~
40 ~~the existence and content of a record of state and federal~~

1 ~~convictions and arrests for which the Department of Justice~~
2 ~~establishes that the person is free on bail, or on his or her own~~
3 ~~recognizance, pending trial or appeal.~~

4 ~~(B) The Department of Justice shall charge a fee sufficient to~~
5 ~~cover the reasonable cost of processing the requests described in~~
6 ~~the paragraph.~~

7 ~~(11) In the case of a cultivation site, the GPS coordinates of the~~
8 ~~site.~~

9 ~~(12) Any other information as required by the bureau.~~

10 ~~(13) The bureau shall deny a license based on a past felony~~
11 ~~criminal conviction for drug trafficking, a felony conviction for~~
12 ~~embezzlement, a felony conviction involving fraud or deceit, or~~
13 ~~any violent or serious felony conviction pursuant to subdivision~~
14 ~~(e) of Section 667.5 of, or subdivision (e) of Section 1192.7 of,~~
15 ~~the Penal Code. The bureau may also deny a license based on a~~
16 ~~past criminal conviction if the crime was substantially related to~~
17 ~~the qualifications, functions, or duties of the business for which~~
18 ~~the license will be issued.~~

19 ~~(g) The bureau shall deny a license if the application fails to~~
20 ~~state with sufficient specificity the jurisdiction in which the~~
21 ~~applicant proposes to establish operations.~~

22 ~~(h) (1) Each application for a license approved by the bureau~~
23 ~~pursuant to this part is separate and distinct, and the bureau may~~
24 ~~charge a separate fee for each. A licensee shall not hold a license~~
25 ~~in more than one class of specified medical marijuana activities,~~
26 ~~except that a licensee may have a transporter license in addition~~
27 ~~to a license to cultivate, process, or dispense medical marijuana.~~

28 ~~(2) A licensee shall not be an officer, director, member, owner,~~
29 ~~or shareholder in another entity licensed pursuant to this part. The~~
30 ~~officers, directors, owners, members, or shareholders of a licensee~~
31 ~~in one class of license may not hold a license in another class, and~~
32 ~~may not be an officer, director, member, owner, or shareholder of~~
33 ~~an entity licensed pursuant to this part.~~

34 ~~18101.3.~~

35 ~~18107. Beginning January 1, 2015, the bureau shall provide~~
36 ~~for provisional licenses, as follows:~~

37 ~~(a) The bureau shall request that every~~ *Every* ~~city, county, or~~
38 ~~city and county provide that permits activities licensed under this~~
39 ~~part shall submit to the bureau with a list of approved entities~~
40 ~~providing medical marijuana to qualified patients and caregivers~~

1 within the city's, county's, or city and county's jurisdiction, if any,
2 the location at which the entity is operating, and the names of the
3 persons who operate the entity.

4 (1) If the jurisdiction represents that the entity has been operating
5 in compliance with local laws and regulations, or has limited
6 immunity under local laws, including, but not limited to, Measure
7 D, approved by the voters of the City of Los Angeles at the May
8 21, 2013, general election, the bureau shall issue a provisional
9 license to the entity until the time that the entity's application for
10 a license has been approved or denied under this part, but no later
11 than 90 days after the bureau begins accepting applications for
12 licenses.

13 (2) The bureau ~~shall~~ *may* consult with relevant local agencies
14 in making a determination on whether a provisional license
15 applicant is in compliance with any applicable ordinance. The
16 bureau ~~shall~~ *may* issue a provisional license to an individual or
17 entity once the bureau has obtained confirmation from the relevant
18 local agency that the six months prior to January 1, 2015, the
19 applicant was regularly cultivating or distributing medical
20 marijuana collectively or cooperatively in full compliance with
21 any applicable local ordinance. The bureau shall continue to issue
22 provisional licenses until such time as the licensee's application
23 for a standard license has been approved or denied under this part,
24 but no later than 90 days after the bureau begins accepting
25 applications. ~~To qualify for a provisional license, an applicant shall~~
26 ~~be required to disclose to the bureau the following information in~~
27 ~~writing on or before January 20, 2015, in order to obtain~~
28 ~~provisional licensure:~~

29 (A) ~~The names, addresses, and dates of birth of each principal~~
30 ~~officer, owner, or board member.~~

31 (B) ~~The common street address and assessor's parcel number~~
32 ~~of the property at which the applicant will conduct any activity~~
33 ~~under the authority of the license.~~

34 (C) ~~The common street address and assessor's parcel number~~
35 ~~of the property at which any cultivation activity was or is to be~~
36 ~~conducted.~~

37 (D) ~~For the six months prior to January 1, 2015, the quantity of~~
38 ~~medical marijuana cultivated at a location and the quantity expected~~
39 ~~to be cultivated from January 1, 2015, to June 30, 2015, inclusive.~~
40 The applicant shall make its records of current activity and activity

1 for the six months prior to January 1, 2015, available to the bureau
2 upon request.

3 ~~(b) The bureau shall charge an application fee of eight thousand~~
4 ~~dollars (\$8,000) for each provisional license.~~

5 *(b) An applicant for provisional licensure shall do all of the*
6 *following:*

7 *(1) Pay a fee not to exceed eight thousand dollars (\$8,000) or*
8 *an amount determined by the bureau to cover the reasonable*
9 *regulatory costs of enforcing and administering this section.*

10 *(2) Provide, in writing, the following information:*

11 *(A) The names, addresses, and dates of birth of each principal*
12 *officer, owner, or board member.*

13 *(B) The common street address and assessor's parcel number*
14 *of the property at which the applicant will conduct any activity*
15 *under the authority of the license.*

16 *(C) The common street address and assessor's parcel number*
17 *of the property at which any cultivation activity was or is to be*
18 *conducted.*

19 *(D) The quantity of medical marijuana cultivated at a location*
20 *from July 1, 2014, to January 1, 2015, inclusive, and the quantity*
21 *expected to be cultivated from January 1, 2015, to June 30, 2015,*
22 *inclusive. The applicant shall make its records of current activity*
23 *and activity for the period from July 1, 2014, to January 1, 2015,*
24 *inclusive, available to the bureau upon request.*

25 *(c) Upon receipt of the application materials and fee required*
26 *in subdivision (b), the bureau may issue a provisional license and*
27 *send a proof of issuance to the applicant, provided the applicant*
28 *has not committed any act or crime constituting grounds for the*
29 *denial of licensure under Section 18110.*

30 ~~(e)~~

31 *(d) Notwithstanding any other provision of this section, the*
32 *bureau shall not issue a provisional license to any an individual*
33 *or entity, or for any a premises, against whom there are pending*
34 *state or local administrative or judicial proceedings or actions*
35 *initiated by a city, county, or city and county under any applicable*
36 *local ordinance or who has been determined through those*
37 *proceedings to have violated any applicable local ordinance, or*
38 *that knowingly provides false or fraudulent information on an*
39 *application for licensure.*

1 (e) Once the bureau begins issuing provisional licenses, a
2 dispensary, in order to benefit from the limited immunities provided
3 in Section 11362.775 of the Health and Safety Code, may only
4 provide patients medical marijuana and medical marijuana
5 products obtained from provisionally licensed entities.

6 (f) Provisional licensees shall record each shipment of medical
7 marijuana by weight and destination, and shall comply with state
8 and federal rules and regulations regarding reporting and taxation
9 of income received.

10 18101.35. Beginning July 1, 2016, the bureau shall provide
11 for standard licenses as follows:

12 (a) ~~The bureau shall request that every city, county, or city and~~
13 ~~county provide the bureau with a list of approved entities providing~~
14 ~~medical marijuana to qualified patients and caregivers within the~~
15 ~~city's, county's, or city and county's jurisdiction, if any, the~~
16 ~~location at which the entity is operating, and the names of the~~
17 ~~persons who operate the entity.~~

18 (b) ~~If the jurisdiction represents that the entity has been operating~~
19 ~~in compliance with local laws and regulations, or has limited~~
20 ~~immunity under local laws, including, but not limited to, Measure~~
21 ~~D, approved by the voters of the City of Los Angeles at the May~~
22 ~~21, 2013, general election, the bureau shall issue a license to the~~
23 ~~entity if it meets the licensing requirements of this part.~~

24 (c) ~~The bureau shall consult with relevant local agencies in~~
25 ~~making a determination as to whether a standard license applicant~~
26 ~~is in compliance with local ordinances. The bureau shall issue a~~
27 ~~standard license only after it has obtained confirmation from the~~
28 ~~relevant local agency that the applicant has satisfied all local~~
29 ~~permitting requirements for cultivating or distributing medical~~
30 ~~marijuana in compliance with local ordinances, and fulfilled all~~
31 ~~other requirements under this part.~~

32 (d) ~~The bureau shall charge an application fee of eight thousand~~
33 ~~dollars (\$8,000) for each standard license.~~

34 18108. (a) Beginning January 1, 2016, the bureau shall
35 provide for standard licenses.

36 (b) An applicant for licensure pursuant to this part shall do all
37 following:

38 (1) Pay the fee or fees required by this part for each license
39 being applied for.

1 (2) Register with the bureau on forms prescribed by the chief.
2 The forms shall contain sufficient information to identify the
3 licensee, including all of the following:

4 (A) Name of the owner or owners of a proposed facility,
5 including all persons or entities having an ownership interest other
6 than a security interest, lien, or encumbrance on any property that
7 will be used by the applicant.

8 (B) The name, address, and date of birth of each principal
9 officer and board member.

10 (C) The address and telephone number of the proposed facility.

11 (D) In the case of a cultivation site, the GPS coordinates of the
12 site.

13 (3) Describe, in writing, the scope of business of the proposed
14 facility.

15 (4) A certified copy of the local jurisdiction's approval to
16 operate within its borders.

17 (5) Detailed operating procedures, in writing, for the proposed
18 facility, which shall include, but not be limited to, procedures for
19 facility and operational security, prevention of diversion, employee
20 screening, storage of medical marijuana, personnel policies, and
21 recordkeeping procedures.

22 (6) An applicant's fingerprint images.

23 (A) The bureau shall electronically submit to the Department
24 of Justice fingerprint images and related information required by
25 the Department of Justice of all licensed cultivation site applicants,
26 licensed dispensing facility applications, manufacturing applicants,
27 or transport applicants, as defined in Section 18100, for the
28 purpose of obtaining information as to the existence and content
29 of a record of state or federal convictions and arrests, and
30 information as to the existence and content of a record of state or
31 federal convictions and arrests for which the Department of Justice
32 establishes that the person is free on bail, or on his or her own
33 recognizance, pending trial or appeal.

34 (B) The Department of Justice shall provide a response to the
35 department pursuant to paragraph (1) of subdivision (p) of Section
36 11105 of the Penal Code.

37 (C) The bureau shall request from the Department of Justice
38 subsequent notification service, as provided pursuant to Section
39 11105.2 of the Penal Code, for persons described in subparagraph

40 (A).

1 (D) The Department of Justice shall charge a fee sufficient to
2 cover the reasonable cost of processing the requests described in
3 this paragraph.

4 (7) A statement signed by the applicant under penalty of perjury
5 that the information provided is true.

6 (8) Any other information as required by the bureau.

7 (c) Every city, county, or city and county that permits activities
8 licensed under this part shall submit to the bureau a list of
9 approved entities providing medical marijuana to qualified patients
10 and caregivers within the city's, county's, or city and county's
11 jurisdiction, if any, the location at which the entity is operating,
12 and the names of the persons who operate the entity.

13 (d) If the jurisdiction represents that the entity has been
14 operating in compliance with local laws and regulations, or has
15 limited immunity under local laws, including, but not limited to,
16 Measure D, approved by the voters of the City of Los Angeles at
17 the May 21, 2013, general election, the bureau may issue a license
18 to the entity if it meets the licensing requirements of this part.

19 (e) The bureau may consult with relevant local agencies in
20 making a determination as to whether a standard license applicant
21 is in compliance with local ordinances. The bureau may issue a
22 standard license only after it has obtained confirmation from the
23 relevant local agency that the applicant has satisfied all local
24 permitting requirements for cultivating or distributing medical
25 marijuana in compliance with local ordinances, and fulfilled all
26 other requirements under this part.

27 (f) Each application for a license approved by the bureau
28 pursuant to this part is separate and distinct, and the bureau may
29 charge a separate fee for each.

30 (g) A licensee shall not hold a license in more than one class
31 of specified medical marijuana activities, except as follows:

32 (1) A licensee may have a transporter license in addition to a
33 license to cultivate, dispense, or manufacture medical marijuana
34 or medical marijuana products.

35 (2) A licensed dispensary may obtain a license to cultivate in a
36 space not to exceed 1,000 square feet.

37 (h) A licensee shall not be an officer, director, member, owner,
38 or shareholder in another entity licensed pursuant to this part.
39 The officers, directors, owners, members, or shareholders of a
40 licensee in one class of license may not hold a license in another

1 class, and may not be an officer, director, member, owner, or
2 shareholder of an entity licensed pursuant to this part.

3 18109. (a) Upon receipt of the application materials and fee
4 required in Section 18108, the bureau may, provided the applicant
5 has not committed any act or crime constituting grounds for the
6 denial of licensure under Section 18110, issue the license and send
7 a proof of issuance to the applicant.

8 (b) The chief shall, by regulation, prescribe conditions upon
9 which a person whose license has previously been denied,
10 suspended, or revoked, may be issued a license.

11 18110. (a) An application for licensure may be denied and a
12 license may be suspended or revoked on any of the following
13 grounds:

14 (1) The granting or continuance of the license would be contrary
15 to the public welfare or morals.

16 (2) A person holding or seeking a license has violated any law
17 prohibiting conduct involving moral turpitude.

18 (3) Past felony criminal conviction for drug trafficking, a felony
19 conviction for embezzlement, a felony conviction involving fraud
20 or deceit, or any violent or serious felony conviction pursuant to
21 subdivision (c) of Section 667.5 of, or subdivision (c) of Section
22 1192.7 of, the Penal Code.

23 (4) A city, county, or city and county notifies the bureau that a
24 licensee or applicant for licensure within their jurisdiction is in
25 violation of local ordinances or is otherwise not authorized to
26 conduct the activities associated with licensure pursuant to this
27 part.

28 (5) The application fails to state with sufficient specificity the
29 jurisdiction in which the applicant proposes to establish operations.

30 (b) The chief, upon his or her determination, may deny, suspend,
31 or revoke a license issued pursuant to this part for any of the
32 following acts or omissions that are done by a licensee, applicant,
33 or employee, partner, officer, or member of an entity licensed
34 pursuant to this part:

35 (1) Making or authorizing in any manner or by any means
36 whatever a written or oral statement that is untrue or misleading,
37 and that is known, or that by exercise of reasonable care should
38 be known, to be untrue or misleading.

39 (2) Any other conduct that constitutes fraud.

40 (3) Conduct constituting gross negligence.

1 (4) *Failure to comply with the provisions of this part, Article 8*
2 *(commencing with Section 111658) of Chapter 6 of Part 5 of*
3 *Division 104 of the Health and Safety Code, or any rule or*
4 *regulation adopted pursuant to this part.*

5 (5) *Conduct that constitutes grounds for denial of licensure*
6 *pursuant to Chapter 2 (commencing with Section 480) of Division*
7 *1.5.*

8 18111. (a) *Upon denying, suspending, or revoking a*
9 *provisional or standard license issued pursuant to this part, the*
10 *chief shall notify the applicant or licensee, in writing, by personal*
11 *service or mail addressed to the address of the applicant or*
12 *licensee set forth in the application. The applicant or licensee shall*
13 *be given a hearing within 30 days thereafter if he or she files with*
14 *the bureau a written request for hearing. Otherwise, the denial,*
15 *suspension, or revocation is deemed affirmed.*

16 (b) *All proceedings to deny, suspend, or revoke a license shall*
17 *be conducted pursuant to Chapter 5 (commencing with Section*
18 *11500) of Part 1 of Division 3 of Title 2 of the Government Code.*

19 18112. *A state agency is not authorized or required by this*
20 *section to enforce a city, county, city and county, or local law,*
21 *ordinance, rule, or regulation regarding the site or operation of*
22 *a licensee licensed pursuant to this part.*

23 ~~18101.4.~~

24 18113. (a) *The Medical Marijuana Regulation Fund is hereby*
25 *established within the State Treasury. Notwithstanding Section*
26 *16305.7 of the Government Code, the fund shall include any*
27 *interest and dividends earned on the money in the fund.*

28 (b) *All fees collected pursuant to this part shall be deposited*
29 *into the Medical Marijuana Regulation Fund. Notwithstanding*
30 *Section 13340 of the Government Code, all moneys within the*
31 *fund are hereby continuously appropriated, without regard to fiscal*
32 *year, to the bureau solely for the purposes of fully funding and*
33 *administering this part, including, but not limited to, the costs*
34 *incurred by the bureau for its administrative expenses.*

35 (c) *All moneys collected pursuant to this part as a result of*
36 *penalties imposed under this part shall be deposited directly into*
37 *the General Fund, to be available upon appropriation.*

38 (d) *The bureau may establish and administer a grant program*
39 *to allocate moneys from the Medical Marijuana Regulation Fund*
40 *to state and local entities for the purpose of assisting with medical*

1 marijuana regulation and the enforcement of this part and other
2 state and local laws applicable to licensees.

3 ~~18102.~~

4 *18114.* (a) A facility licensed pursuant to this part shall not
5 acquire, cultivate, process, possess, store, manufacture, distribute,
6 sell, deliver, transfer, transport, or dispense *medical* marijuana for
7 any purpose other than those authorized by Article 2.5
8 (commencing with Section 11362.7) of Chapter 6 of Division 10
9 of the Health and Safety Code.

10 (b) A licensed dispensing facility shall not acquire, cultivate,
11 process, possess, store, manufacture, distribute, sell, deliver,
12 transfer, transport, or dispense *medical* marijuana plants or *medical*
13 marijuana products except through a licensed cultivation site or
14 ~~processing facility~~ *a licensed manufacturer*.

15 ~~18103.~~

16 *18115.* (a) A licensed transporter shall ship only to facilities
17 licensed pursuant to this part and only in response to a request for
18 a specific quantity and variety from those facilities.

19 (b) Prior to transporting any medical marijuana product, a
20 licensed transporter shall do the following:

21 (1) Complete a shipping manifest using a form prescribed by
22 the bureau.

23 (2) Securely transmit a copy of the manifest to the licensee that
24 will receive the medical marijuana product, and to the bureau,
25 prior to transport.

26 (c) The licensed transporter making the shipment and the
27 licensee receiving the shipment shall maintain each shipping
28 manifest and make it available to local code enforcement officers,
29 any other locally designated enforcement entity, and the bureau
30 upon request.

31 ~~18104.~~

32 *18116.* (a) Transported medical marijuana products shall:

33 (1) Be transported only in a locked, safe and secure storage
34 compartment that is securely affixed to the interior of the
35 transporting vehicle.

36 (2) Not be visible from outside the vehicle.

37 (b) Any vehicle transporting medical marijuana products shall
38 travel directly from one licensed facility to another licensed facility
39 authorized to receive the shipment.

1 ~~18105.~~

2 *18117.* (a) All transport vehicles shall be staffed with a
3 minimum of two employees. At least one transport team member
4 shall remain with the vehicle at all times that the vehicle contains
5 medical marijuana.

6 (b) Each transport team member shall have access to a secure
7 form of communication by which each member can communicate
8 with personnel at the licensed facility at all times that the vehicle
9 contains medical marijuana.

10 (c) Each transport team member shall possess documentation
11 of licensing and a government-issued identification card at all
12 times when transporting or delivering medical marijuana and shall
13 produce it to any representative of the department or law
14 enforcement official upon request.

15 (d) This part shall not be construed to authorize or permit any
16 licensee to transport, or cause to be transported, *medical* marijuana
17 or *medical* marijuana products outside the state.

18 ~~18105.5.~~

19 *18118.* A local jurisdiction shall not prevent transportation
20 ~~through or to a licensed entity by a licensed transporter who acts~~
21 ~~in compliance with this part into, out of, or through its boundaries,~~
22 *or to a licensed entity, by a licensed transporter who acts in*
23 *compliance with this part.*

24 ~~18106.~~ (a) ~~The bureau shall promulgate, by July 1, 2016,~~
25 ~~regulations for implementation and enforcement of this part,~~
26 ~~including all of the following:~~

27 ~~(1) Procedures for the issuance, renewal, suspension, and~~
28 ~~revocation of licenses.~~

29 ~~(2) Application, licensing, and renewal forms and fees.~~

30 ~~(3) A time period in which the bureau shall approve or deny an~~
31 ~~application for a license to operate a facility or dispensary.~~

32 ~~(4) Qualifications for licensees.~~

33 ~~(5) Standards for certification of testing laboratories to perform~~
34 ~~random sample testing of all marijuana products intended for sale,~~
35 ~~to identify and eliminate chemical residue, microbiological~~
36 ~~contaminants, and mold.~~

37 ~~(6) Requirements to ensure conformance with standards~~
38 ~~analogous to state statutory environmental, agricultural, consumer~~
39 ~~protection, and food and product safety requirements. At a~~
40 ~~minimum, these standards shall do all of the following:~~

1 ~~(A) Prescribe sanitation standards analogous to the California~~
2 ~~Retail Food Code (Part 7 (commencing with Section 113700) of~~
3 ~~Division 104 of the Health and Safety Code) for food preparation,~~
4 ~~storage, and handling and sale of edible marijuana products.~~

5 ~~(B) Require that edible marijuana products produced, distributed,~~
6 ~~provided, donated, or sold by licensees shall be limited to~~
7 ~~nonpotentially hazardous food as established by the State~~
8 ~~Department of Public Health pursuant to Section 114365.5 of~~
9 ~~Health and Safety Code.~~

10 ~~(C) Provide standards for labeling edible marijuana products to~~
11 ~~ensure that the products cannot be mistaken as food not containing~~
12 ~~marijuana.~~

13 ~~(D) Require that facilities in which edible marijuana products~~
14 ~~are prepared shall be constructed in accordance with applicable~~
15 ~~building standards, health and safety standards, and other state~~
16 ~~laws.~~

17 ~~(E) Provide that any weighing or measuring devices used in~~
18 ~~connection with the sale or distribution of marijuana are required~~
19 ~~to meet standards analogous to Division 5 (commencing with~~
20 ~~Section 12001).~~

21 ~~(F) Require that any application of pesticides or other pest~~
22 ~~control in connection with the indoor or outdoor cultivation of~~
23 ~~marijuana shall meet standards analogous to Division 6~~
24 ~~(commencing with Section 11401) of the Food and Agricultural~~
25 ~~Code and its implementing regulations.~~

26 ~~(b) The bureau shall promulgate, by July 1, 2016, regulations~~
27 ~~for minimum statewide health and safety standards and quality~~
28 ~~assurance standards pursuant to Section 111658 of the Health and~~
29 ~~Safety Code associated with the cultivation, transport, storage, and~~
30 ~~sale of all medical marijuana produced in this state. Local agencies~~
31 ~~shall have primary responsibility for enforcement of these standards~~
32 ~~in accordance with bureau regulations.~~

33 ~~(c) An application for or renewal of a license shall not be~~
34 ~~approved if the bureau determines any of the following:~~

35 ~~(1) The applicant fails to meet the requirements of this part or~~
36 ~~any regulation adopted pursuant to this part or any applicable city~~
37 ~~county, or city and county ordinance or regulation.~~

38 ~~(2) The applicant, or any of its officers, directors, owners,~~
39 ~~members, or shareholders is a minor.~~

1 ~~(3) The applicant has knowingly answered a question or request~~
2 ~~for information falsely on the application form, or failed to provide~~
3 ~~information requested.~~

4 ~~(4) The applicant, or any of its officers, directors, owners,~~
5 ~~members, or shareholders has been sanctioned by the bureau, a~~
6 ~~city, county, or city and county, for marijuana activities conducted~~
7 ~~in violation of this part or any applicable local ordinance or has~~
8 ~~had a license revoked in the previous five years.~~

9 ~~(5) The proposed cultivation, processing, possession, storage,~~
10 ~~manufacturing, testing, transporting, distribution, provision, or~~
11 ~~sale of medical marijuana will violate any applicable local law or~~
12 ~~ordinance.~~

13 ~~(6) (A) The bureau shall deny an application for a license if~~
14 ~~issuance of that license would tend to create a law enforcement~~
15 ~~problem, or if issuance would result in or add to an undue~~
16 ~~concentration of licenses.~~

17 ~~(B) For purposes of this paragraph, the following definitions~~
18 ~~shall apply:~~

19 ~~(i) “Population within the census tract or census division” means~~
20 ~~the population as determined by the most recent United States~~
21 ~~decennial or special census. The population determination shall~~
22 ~~not operate to prevent an applicant from establishing that an~~
23 ~~increase of resident population has occurred within the census tract~~
24 ~~or census division.~~

25 ~~(ii) “Reported crimes” means the most recent yearly compilation~~
26 ~~by the local law enforcement agency of reported offenses of~~
27 ~~criminal homicide, forcible rape, robbery, aggravated assault,~~
28 ~~burglary, larceny, theft, and motor vehicle theft, combined with~~
29 ~~all arrests for other crimes, both felonies and misdemeanors, except~~
30 ~~traffic citations.~~

31 ~~(iii) “Reporting districts” means geographical areas within the~~
32 ~~boundaries of a single governmental entity (city or the~~
33 ~~unincorporated area of a county) that are identified by the local~~
34 ~~law enforcement agency in the compilation and maintenance of~~
35 ~~statistical information on reported crimes and arrests.~~

36 ~~(iv) “Undue concentration” means:~~

37 ~~(I) The applicant premises are located in a crime reporting~~
38 ~~district that has a 20 percent greater number of reported crimes~~
39 ~~than the average number of reported crimes as determined from~~

1 all-crime-reporting districts within the jurisdiction of the local law
2 enforcement agency.

3 (II) ~~The ratio of licenses to population within the census tract~~
4 ~~or census division in which the applicant premises are located~~
5 ~~exceeds the ratio of licenses to population in the county in which~~
6 ~~the applicant premises are located.~~

7 ~~(d) The bureau may consult with other state agencies, state~~
8 ~~departments, public entities, or private entities for the purposes of~~
9 ~~establishing statewide standards and regulations.~~

10 ~~(e) The bureau may assist state taxation authorities in the~~
11 ~~development of uniform policies for the state taxation of licensees.~~

12 ~~(f) The bureau may assist the Division of Occupational Safety~~
13 ~~and Health in the Department of Industrial Relations in the~~
14 ~~development of industry-specific regulations related to the activities~~
15 ~~of licensees.~~

16 *18119. An application for or renewal of a license shall not be*
17 *approved if the bureau determines any of the following:*

18 *(a) The applicant fails to meet the requirements of this part or*
19 *any regulation adopted pursuant to this part or any applicable*
20 *city, county, or city and county ordinance or regulation. Local*
21 *governments shall submit to the bureau documentation detailing*
22 *their renewal requirements.*

23 *(b) The applicant, or any of its officers, directors, owners,*
24 *members, or shareholders is a minor.*

25 *(c) The applicant has knowingly answered a question or request*
26 *for information falsely on the application form, or failed to provide*
27 *information requested.*

28 *(d) The applicant, or any of its officers, directors, owners,*
29 *members, or shareholders has been sanctioned by the bureau, a*
30 *city, county, or city and county, for medical marijuana activities*
31 *conducted in violation of this part or any applicable local*
32 *ordinance or has had a license revoked in the previous five years.*

33 *(e) The proposed cultivation, processing, possession, storage,*
34 *manufacturing, testing, transporting, distribution, provision, or*
35 *sale of medical marijuana will violate any applicable local law*
36 *or ordinance.*

37 *18120. The bureau may assist state taxation authorities in the*
38 *development of uniform policies for the state taxation of licensees.*

39 *18121. The bureau may assist the Division of Occupational*
40 *Safety and Health in the Department of Industrial Relations in the*

1 *development of industry-specific regulations related to the activities*
2 *of licensees.*

3 *18122. (a) For licensees licensed pursuant to this part located*
4 *within the incorporated area of a city, the city shall have full power*
5 *and authority to enforce this part and Article 8 (commencing with*
6 *Section 111658) of Chapter 6 of Part 5 of Division 104 of the*
7 *Health and Safety Code and the rules, regulations, and standards*
8 *promulgated by the bureau. The city shall further assume complete*
9 *responsibility for any regulatory function relating to those licensees*
10 *within the city limits that would otherwise be performed by the*
11 *county or any county officer or employee, without liability, cost,*
12 *or expense to the county.*

13 *(b) For licensed facilities located within the unincorporated*
14 *area of a county, the county shall have full power and authority*
15 *to enforce this part and Article 8 (commencing with Section*
16 *111658) of Chapter 6 of Part 5 of Division 104 of the Health and*
17 *Safety Code and the rules, regulations, and standards promulgated*
18 *by the bureau.*

19 ~~18107.~~

20 *18123. (a) A person shall not distribute any form of advertising*
21 *for physician recommendations for medical marijuana in California*
22 *unless the advertisement bears the following notice to consumers:*
23

24 NOTICE TO CONSUMERS: The Compassionate Use Act of
25 1996 ensures that seriously ill Californians have the right to obtain
26 and use marijuana for medical purposes where medical use is
27 deemed appropriate and has been recommended by a physician
28 who has determined that the person's health would benefit from
29 the use of *medical* marijuana. Physicians are licensed and regulated
30 by the Medical Board of California and arrive at the decision to
31 make this recommendation in accordance with accepted standards
32 of medical responsibility.
33

34 (b) Advertising for physician recommendations for medical
35 marijuana shall meet all requirements of Section 651. Price
36 advertising shall not be fraudulent, deceitful, or misleading,
37 including statements or advertisements of bait, discounts,
38 premiums, gifts, or statements of a similar nature.

1 ~~18108.~~

2 18124. (a) A facility licensed pursuant to this part shall
3 implement sufficient security measures to both deter and prevent
4 unauthorized entrance into areas containing marijuana and theft
5 of marijuana at those facilities. These security measures shall
6 include, but not be limited to, all of the following:

7 (1) Allow only qualifying patients, the patient's primary
8 caregiver, and facility agents access to the facility.

9 (2) Prevent individuals from remaining on the premises of the
10 facility if they are not engaging in activity expressly related to the
11 operations of the facility.

12 (3) Establish limited access areas accessible only to authorized
13 facility personnel.

14 (4) Store all finished marijuana in a secured and locked room,
15 safe, or vault, and in a manner as to prevent diversion, theft, and
16 loss.

17 (b) A facility licensed pursuant to this part shall notify
18 appropriate law enforcement authorities within 24 hours after
19 discovering any of the following:

20 (1) Discrepancies identified during inventory.

21 (2) Diversion, theft, loss, or any criminal activity involving the
22 facility or a facility agent.

23 (3) The loss or unauthorized alteration of records related to
24 marijuana, registered qualifying patients, personal caregivers, or
25 facility agents.

26 (4) Any other breach of security.

27 (c) A licensed cultivation site shall weigh, inventory, and
28 account for on video, all medical marijuana to be transported prior
29 to its leaving its origination location. Within eight hours after
30 arrival at the destination, the licensed dispensing facility shall
31 reweigh, reinventory, and account for on video, all transported
32 marijuana.

33 18125. *The chief shall keep a complete record of all entities*
34 *licensed or certified pursuant to this part. This record shall be*
35 *made available on the bureau's Internet Web site.*

36 18126. *The bureau shall provide state and local law*
37 *enforcement, upon their request, with information to verify a*
38 *license, track transportation manifests, and track inventories of*
39 *dispensing facilities.*

~~18108.5.~~

18127. (a) The bureau shall require an annual audit of all licensees licensed pursuant to this part or otherwise licensed by the bureau to cultivate, manufacture, process, transport, store, or sell *medical* marijuana to be paid for by each licensed vendor and dispensary.

(b) Completed audit reports shall also be submitted by the licensee to local code enforcement offices, or the appropriate locally designated enforcement entity, within 30 days of the completion of the audit.

(c) It is the responsibility of each licensee licensed pursuant to this part or otherwise licensed by the bureau to cultivate, manufacture, process, transport, store, or sell *medical* marijuana to develop a robust quality assurance protocol that includes all of the provisions of this part.

~~18108.6.~~

18128. (a) A laboratory certified by the bureau to perform random sample testing of *medical* marijuana products pursuant to paragraph (5) of subdivision (a) of Section ~~18106~~ 18105 shall not acquire, cultivate, process, possess, store, manufacture, distribute, sell, deliver, transfer, transport, or dispense *medical* marijuana for any purpose other than those authorized by Article 2.5 (commencing with Section 11362.7) of Chapter 6 of Division 10 of the Health and Safety Code.

(b) A laboratory certified by the bureau to perform random sample testing of *medical* marijuana products pursuant to paragraph (5) of subdivision (a) of Section ~~18106~~ 18105 shall not acquire, cultivate, process, possess, store, manufacture, distribute, sell, deliver, transfer, transport, or dispense *medical* marijuana plants or *medical* marijuana products except through a licensed cultivation site, or ~~processing facility~~ a licensed manufacturer.

~~18109.~~

18129. In addition to the provisions of this part, a license granted pursuant to this part shall be subject to the restrictions of the local jurisdiction in which the facility operates or proposes to operate. Even if a license has been granted pursuant to this part, a facility shall not operate in a local jurisdiction that prohibits the establishment of that type of business.

1 ~~18110.~~

2 ~~18130.~~ (a) A willful violation of Section ~~18101.2~~ *18106*,
3 including any attempt to falsify information on an application as
4 required by Section ~~18101.2~~ *18106*, or to otherwise defraud or
5 mislead a state or local agency in the course of the application
6 process, shall be punishable by a civil fine of up to thirty-five
7 thousand dollars (\$35,000) for each individual violation. This
8 subdivision shall apply to both the provisional and permanent
9 licensing application processes under this part.

10 (b) A technical violation of Section ~~18101.2~~ *18106* shall, at the
11 bureau's discretion, be punishable by a civil fine of up to ten
12 thousand dollars (\$10,000) for each individual violation. This
13 subdivision shall apply to both the provisional and permanent
14 licensing application processes under this part.

15 ~~18110.1.~~

16 ~~18131.~~ The executive officer or any district attorney, county
17 counsel, city attorney, or city prosecutor may bring an action to
18 enjoin a violation or the threatened violation of any provision of
19 this part, including, but not limited to, a licensee's failure to correct
20 objectionable conditions following notice or as a result of any rule
21 promulgated pursuant to this part. The action shall be brought in
22 the county in which the violation occurred or is threatened to occur.
23 Any proceeding brought pursuant to this part shall conform to the
24 requirements of Chapter 3 (commencing with Section 525) of Title
25 7 of Part 2 of the Code of Civil Procedure. Nothing in this section
26 shall diminish the authority of a local government to take requisite
27 enforcement actions pertaining to its own ordinances or regulations.

28 ~~18111.~~

29 ~~18132.~~ Nothing in this part shall prevent a city or other local
30 governing body from taking action as specified in Section 11362.83
31 of the Health and Safety Code.

32 ~~18112.~~

33 ~~18133.~~ This part shall in no way supersede the provisions of
34 Measure D, approved by the voters of the City of Los Angeles on
35 the May 21, 2013, ballot for the city, which granted *medical*
36 marijuana businesses and dispensaries qualified immunity
37 consistent with the terms of the measure and local ordinances.
38 Notwithstanding the provisions of this part, marijuana businesses
39 and dispensaries subject to the provisions of Measure D and its

1 qualified immunity shall continue to be subject to the ordinances
2 and regulations of the City of Los Angeles.

3 *18134. The bureau shall limit the number of licensed cultivation*
4 *sites statewide to prevent the diversion of medical marijuana for*
5 *nonmedical purposes. In determining this number, the bureau shall*
6 *commence its calculation with the number of cultivation sites*
7 *licensed and permitted pursuant to a city, county, or city and*
8 *county cultivation ordinance. The bureau shall calculate the*
9 *number of sites pursuant to this section based upon the following,*
10 *after consultation with law enforcement representatives, health*
11 *care providers, and local and statewide health officials:*

12 *(a) The need to prevent the potential of diversion of medical*
13 *marijuana for nonmedical purposes.*

14 *(b) The number of applicants whose applications for licensed*
15 *cultivation sites demonstrate that they will be able to produce*
16 *consistent products with strict quality controls in full compliance*
17 *with this part and with all applicable state and local regulations,*
18 *and the amount of medical marijuana those applicants will be able*
19 *to provide.*

20 *(c) The need for the bureau to ensure that the number of licensed*
21 *cultivation sites it approves does not exceed the ability of the*
22 *bureau to enforce the provisions of this part, particularly with*
23 *respect to conducting regular site visits and audits, ensuring patient*
24 *safety, and preventing illegal diversion of marijuana.*

25 *(d) A license for a facility or cultivation site shall not be issued*
26 *for a premises that is located in a jurisdiction where the exercise*
27 *of the rights and privileges conferred by the license are contrary*
28 *to a valid zoning ordinance of the city, county, or city and county.*

29 ~~18113. (a) A patient who cultivates, possesses, stores,~~
30 ~~manufactures, or transports marijuana exclusively for his or her~~
31 ~~personal medical use and who does not sell, distribute, donate, or~~
32 ~~provide marijuana to any other person is not considered a licensee~~
33 ~~under this part and is exempt from licensure under this part.~~

34 ~~(b) A primary caregiver who cultivates, possesses, stores,~~
35 ~~manufactures, transports, or provides marijuana exclusively for~~
36 ~~the personal medical purposes of no more than five specified~~
37 ~~qualified patients for whom he or she is the primary caregiver~~
38 ~~within the meaning of Section 11362.7 of the Health and Safety~~
39 ~~Code and who does not receive remuneration for these activities~~
40 ~~except for compensation in full compliance with subdivision (c)~~

1 of Section 11362.765 of the Health and Safety Code is not
2 considered a licensee under this part and is exempt from licensure
3 under this part.

4 ~~18114.~~

5 18135. (a) Information identifying the names of patients, their
6 medical conditions, or the names of their primary caregivers
7 received and contained in records kept by the bureau for the
8 purposes of administering this part are confidential and exempt
9 from the California Public Records Act (Chapter 3.5 (commencing
10 with Section 6250) of Division 7 of Title 1 of the Government
11 Code) and are not subject to disclosure to any individual or private
12 entity, except as necessary for authorized employees of the State
13 of California to perform official duties pursuant to this part:

14 (b) (1) Nothing in this section shall preclude any of the
15 following:

16 (A) Bureau employees notifying state or local agencies about
17 information submitted to the bureau that the employee suspects is
18 falsified or fraudulent.

19 (B) Notifications from the bureau to state or local agencies of
20 apparent violations of this part or any applicable local ordinance.

21 (C) Verification of requests by state or local agencies to confirm
22 licenses and certificates issued by the bureau or other state agency.

23 (D) Provision of information requested pursuant to a court order
24 or subpoena issued by a court or an administrative agency or local
25 governing body authorized by law to issue subpoenas.

26 (2) Information shall not be disclosed beyond what is necessary
27 to achieve the goals of a specific investigation or notification or
28 the parameters of a specific court order or subpoena.

29 ~~18115.~~

30 18136. (a) The actions of a licensee or provisional licensee,
31 its employees, and its agents, permitted pursuant to a license or
32 provisional license issued by the bureau or otherwise permitted
33 by this part, that are conducted in accordance to the requirements
34 of this part and regulations adopted pursuant to the authority
35 granted by this part, are not unlawful under state law and shall not
36 be an offense subject to arrest or prosecution.

37 (b) The actions of a person who, in good faith and upon
38 investigation, allows his or her property to be used by a licensee
39 or provisional licensee, its employees, and its agents, as permitted
40 pursuant to a license or provisional license issued by the bureau

1 or otherwise permitted by this part, are not unlawful under state
2 law and shall not be an offense subject to arrest or prosecution.

3 (c) This section shall not be deemed to limit the authority or
4 remedies of a city, county, or city and county under any provision
5 of law, including, without limitation, Section 7 of Article XI of
6 the California Constitution.

7 ~~18116.~~

8 *18137.* (a) A licensee shall not cultivate, process, store,
9 manufacture, transport, or sell medical marijuana in the state unless
10 accurate records are kept at the licensed premises of the growing,
11 processing, storing, manufacturing, transporting, or selling by the
12 licensee in the state. These records shall include the name and
13 address of the supplier of any marijuana received or possessed by
14 the licensee, the location at which the marijuana was cultivated,
15 the amount of marijuana received, the form in which it is received,
16 the name of the employee receiving it, and the date of receipt.
17 These records shall also include receipts for all expenditures
18 incurred by the licensee and banking records, if any, for all funds
19 obtained or expended in the performance of any activity under the
20 authority of the license, provided that a licensee licensed to act at
21 more than one premises may keep all records at one of the licensed
22 premises. Required records shall be kept for a period of seven
23 years from the date of the transaction.

24 (b) The bureau and any state or local agency may make any
25 examination of the books and records of any licensee and may
26 visit and inspect the premises of any licensee that the bureau may
27 deem necessary to perform its duties under this part.

28 (c) Any books or records requested by the bureau or any state
29 or local agency shall be provided by the licensee no later than at
30 the end of the next business day after the request is made.

31 (d) The bureau or any state or local agency may enter and inspect
32 the premises of any facility operated by a licensee between the
33 hours of 8 a.m. and 8 p.m. on any day that the facility is open, or
34 at any reasonable time, to ensure compliance and enforcement of
35 the provisions of this part or any local ordinance.

36 (e) If a licensee or any employee of a licensee refuses, impedes,
37 obstructs, or interferes with an inspection pursuant to this part or
38 local ordinance, or if the licensee fails to maintain or provide the
39 books and records required by this section, the licensee may be
40 summarily suspended pursuant to this part and the bureau shall

1 directly commence proceedings for the revocation of the license
2 in accordance with this part.

3 *18138. This part shall not be construed to limit a law*
4 *enforcement agency's ability to investigate unlawful activity in*
5 *relation to a licensee licensed pursuant to this part.*

6 SEC. 5. Section 23028 is added to the Government Code, to
7 read:

8 23028. (a) (1) In addition to any authority otherwise provided
9 by law, the board of supervisors of any county may impose, by
10 ordinance, a tax on the privilege of cultivating, dispensing,
11 producing, processing, preparing, storing, providing, donating,
12 selling, or distributing marijuana by a licensee operating pursuant
13 to Chapter 18 (commencing with Section 26000) of Division 9 of
14 the Business and Professions Code. The tax may be imposed for
15 general governmental purposes or for purposes specified in the
16 ordinance by the board of supervisors.

17 (2) The board of supervisors shall specify in the ordinance
18 proposing the tax the activities subject to the tax, the applicable
19 rate or rates, the method of apportionment, and the manner of
20 collection of the tax. A tax imposed pursuant to this section is a
21 tax and not a fee or special assessment, and the tax is not required
22 to be apportioned on the basis of benefit to any person or property
23 or be applied uniformly to all taxpayers or all real property.

24 (3) A tax imposed by a county pursuant to this section by a
25 county may include a transactions and use tax imposed solely for
26 marijuana or marijuana products, which shall otherwise conform
27 to Part 1.6 (commencing with Section 7251) of Division 2 of the
28 Revenue and Taxation Code. Notwithstanding Section 7251.1 of
29 the Revenue and Taxation Code, the tax may be imposed at any
30 rate specified by the board of supervisors, and the tax rate
31 authorized by this section shall not be considered for purposes of
32 the combined tax rate limitation established by that section.

33 (4) The tax authorized by this section may be imposed upon
34 any or all of the activities set forth in paragraph (1), regardless of
35 whether the activity is undertaken individually, collectively, or
36 cooperatively, and regardless of whether the activity is for
37 compensation or gratuitously, as determined by the board of
38 supervisors.

1 (5) The board of supervisors shall specify whether the tax applies
2 throughout the entire county or within the unincorporated area of
3 the county.

4 (b) In addition to any other method of collection authorized by
5 law, the board of supervisors may provide for *the* collection of the
6 tax imposed pursuant to this section in the same manner, and
7 subject to the same penalties and priority of lien, as other charges
8 and taxes fixed and collected by the county.

9 (c) Any tax imposed pursuant to this section shall be subject to
10 applicable voter approval requirements imposed by any other law.

11 (d) For purposes of this section, “marijuana” shall have the
12 meanings set forth in Section 18100 of the Business and
13 Professions Code.

14 (e) This section does not limit or prohibit the levy or collection
15 or any other fee, charge, or tax, or any license or service fee or
16 charge upon, or related to, the activities set forth in subdivision
17 (a) as otherwise provided by law. This section shall not be
18 construed as a limitation upon the taxing authority of any county
19 as provided by other law.

20 *SEC. 6. Section 11362.775 of the Health and Safety Code is*
21 *amended to read:*

22 11362.775. (a) Qualified patients, persons with valid
23 identification cards, and the designated primary caregivers of
24 qualified patients and persons with identification cards, who
25 associate within the State of California in order collectively or
26 cooperatively to cultivate marijuana for medical purposes, shall
27 not solely on the basis of that fact be subject to state criminal
28 sanctions under Section 11357, 11358, 11359, 11360, 11366,
29 11366.5, or 11570.

30 (b) *An individual employee, officer, or board member of a*
31 *cultivation site licensee or provisional licensee licensed pursuant*
32 *to Part 5 (commencing with Section 18100) of Division 7 of the*
33 *Business and Professions Code shall not be subject to state*
34 *criminal sanctions under Section 11357, 11358, 11359, 11360,*
35 *11366, 11366.5, or 11570 and any successor statutes, or under*
36 *any local ordinance imposing criminal liability for the activities*
37 *described in those sections, for the possession, cultivation,*
38 *processing, packaging for transport or sale, warehousing,*
39 *transportation, or sale or distribution of medical marijuana to a*
40 *licensee licensed pursuant to Part 5 (commencing with Section*

1 18100) of Division 7 of the Business and Professions Code or
2 directly to qualified patients, persons with valid identification
3 cards, or the designated primary caregivers of qualified patients
4 or persons with a valid identification card, within the State of
5 California, unless the information contained on the licensing
6 paperwork is false or falsified, the license has been obtained by
7 means of fraud, or the person is otherwise in violation of Part 5
8 (commencing with Section 18100) of Division 7 of the Business
9 and Professions Code.

10 (c) An individual employee, officer, or board member of a
11 dispensing facility licensee or provisional licensee licensed
12 pursuant to Part 5 (commencing with Section 18100) of Division
13 7 of the Business and Professions Code shall not be subject to
14 state criminal sanctions under Section 11357, 11359, 11360,
15 11366, 11366.5, or 11570 and any successor statutes, or under
16 any local ordinance imposing criminal liability for the activities
17 described in those sections, for the possession, packaging for
18 transport, sale, warehousing, transportation, sale, or distribution
19 of medical marijuana to qualified patients, persons with valid
20 identification cards, or the designated primary caregivers of
21 qualified patients or persons with a valid identification card, within
22 the State of California, unless the information contained on the
23 licensing paperwork is false or falsified, the license has been
24 obtained by means of fraud, or the person is otherwise in violation
25 of Part 5 (commencing with Section 18100) of Division 7 of the
26 Business and Professions Code.

27 (d) This section shall in no way diminish the protections
28 provided in Section 18101 of the Business and Professions Code.

29 ~~SEC. 6.~~

30 SEC. 7. Article 8 (commencing with Section 111658) is added
31 to Chapter 6 of Part 5 of Division 104 of the Health and Safety
32 Code, to read:

33
34 Article 8. Medical Marijuana

35
36 111658. For purpose of this article, the following definitions
37 shall apply:

38 (a) "Bureau" means the Bureau of Medical Marijuana
39 Regulations in the Department of Consumer Affairs.

1 (b) “Certified testing laboratories” means a laboratory that is
2 certified by the bureau to perform random sample testing of
3 *medical* marijuana pursuant to the certification standards for those
4 facilities promulgated by the bureau.

5 (c) “Edible *medical* marijuana product” means *medical*
6 marijuana or a *medical* marijuana-derived product that is ingested
7 or meant to be ingested through the mouth and into the digestive
8 system.

9 (d) “Marijuana” means all parts of the plant *Cannabis sativa* L.
10 *sativa*, *cannabis indica*, or *cannabis ruderalis*, whether growing or
11 not; the seeds thereof; the resin, whether crude or purified,
12 extracted from any part of the plant; and every compound,
13 manufacture, salt, derivative, mixture, or preparation of the plant,
14 its seeds, or resin. “Marijuana” does not include the mature stalks
15 of the plant, fiber produced from the stalks, oil or cake made from
16 the seeds of the plant, any other compound, manufacture, salt,
17 derivative, mixture, or preparation of the mature stalks (except the
18 resin extracted therefrom), fiber, oil, or cake, or the sterilized seed
19 of the plant which is incapable of germination. “Marijuana” also
20 means marijuana, as defined by Section 11018.

21 (e) “Representative samples” means samples taken from each
22 batch or shipment of *medical* marijuana received from a licensed
23 cultivation site or any other source if intended for sale.

24 111659. The bureau, by July 1, 2016, shall accomplish the
25 following:

26 (a) Establish quality assurance protocols to ensure uniform
27 testing standards for all *medical* marijuana sold via dispensaries
28 or other facilities, or cultivated *or manufactured* by any facilities,
29 that are licensed pursuant to Part 5 (commencing with Section
30 18100) of Division 7 of the Business and Professions Code.

31 (b) In consultation with outside entities at its discretion, develop
32 a list of certified testing laboratories that can perform uniform
33 testing in compliance with this article, and post that list on its
34 Internet Web site.

35 111660. (a) Licensees licensed pursuant to Part 5 (commencing
36 with Section 18100) of Division 7 of the Business and Professions
37 Code shall bear the responsibility for contracting with certified
38 testing laboratories for regular, systematic testing of representative
39 samples of all *medical* marijuana cultivated or intended for sale
40 or distribution, and shall bear the cost of that testing.

(b) Licensees licensed pursuant to Part 5 (commencing with Section 18100) of Division 7 of the Business and Professions Code shall provide results of test reports to local code enforcement officers, any other locally designated enforcement entity, and the bureau both on a quarterly basis and upon request.

111661. Quality assurance protocols shall be required between all licensed cultivation sites ~~or licensed processing facilities,~~ *licensed manufacturers*, and licensed dispensing facilities to guarantee safe and reliable medicinal marijuana delivery to all patients. These quality assurance protocols shall include:

(a) Providing of supplier information to dispensaries in order for recall procedures to be implemented, if and when necessary.

(b) Safety testing of all *medical* marijuana prior to packaging for sale and patient exposure to identify and eliminate microbiological contaminants and chemical residue.

(c) Labeling of all *medical* marijuana and *medical* marijuana products that shall, at a minimum, include the following:

(1) Clear dosage in total milligrams delivered for all products.

(2) Clear indication, in bold font, that the product contains *medical* marijuana.

(3) Tetrahydrocannabinol (THC) ~~and content,~~ cannabidiol (CBD) content, ~~and any pharmacologically active ingredient as specified by the bureau.~~

111662. For purposes of this article, edible *medical* marijuana products are deemed to be unadulterated food products. In addition to the quality assurance standards provided in Section 111661, all edible *medical* marijuana products shall comply with the following requirements:

(a) Baked edible *medical* marijuana products (such as brownies, bars, cookies, and cakes), tinctures, and other edible *medical* marijuana products that do not require refrigeration or hot holding may be manufactured, sold, or otherwise distributed at facilities licensed pursuant to Part 5 (commencing with Section 18100) of Division 7 of the Business and Professions Code.

(b) Licensed *medical* marijuana facilities shall have an owner or employee who has successfully passed an approved and accredited food safety certification examination as specified in Sections 113947.1, 113947.2, and 113947.3 ~~of the Health and Safety Code~~ prior to selling, manufacturing, or distributing edible *medical* marijuana products requiring refrigeration or hot holding.

1 (c) Individuals' manufacturing or selling edible *medical*
2 marijuana products shall thoroughly wash their hands before
3 commencing production and before handling finished edible
4 *medical* marijuana products.

5 (d) All edible *medical* marijuana products shall be individually
6 wrapped at the original point of preparation. All edible *medical*
7 marijuana products shall be packaged in a fashion that does not
8 exceed a single individual serving size.

9 (e) Products containing tetrahydrocannabinol (THC) shall be
10 prepared in compliance with maximum potency standards for THC
11 and THC concentrates set forth in the bureau's regulations.

12 (f) Prior to sale or distribution at a licensed dispensing facility,
13 edible *medical* marijuana products shall be labeled and in an
14 opaque and tamper evident package. Labels and packages of edible
15 *medical* marijuana products shall meet the following requirements:

16 (1) Edible *medical* marijuana packages and labels shall not be
17 made to be attractive to children.

18 (2) All edible *medical* marijuana product labels shall include
19 the following information, prominently displayed and in a clear
20 and legible font:

21 (A) Manufacture date.

22 (B) The statement "KEEP OUT OF REACH OF CHILDREN."

23 (C) The statement "FOR MEDICAL USE ONLY."

24 (D) Net weight of *medical* marijuana in package.

25 (E) A warning, if nuts or other known allergens are used, and
26 shall include the total weight, in ounces or grams, of *medical*
27 marijuana in the package.

28 (F) Tetrahydrocannabinol (THC) and cannabidiol (CBD)
29 content.

30 (g) Photos or images of food are not allowed on edible *medical*
31 marijuana product packages or labels.

32 (h) Only generic food names may be used to describe edible
33 *medical* marijuana products. For example, "snickerdoodle" may
34 not be used to describe a cinnamon cookie.

35 ~~SEC. 7.~~

36 SEC. 8. The provisions of this act are severable. If any
37 provision of this act or its application is held invalid, that invalidity
38 shall not affect other provisions or applications that can be given
39 effect without the invalid provision or application.

SEC. 9. The Legislature finds and declares that Section 4 of this act imposes a limitation on the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

~~SEC. 9.~~

SEC. 10. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

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